

## **UNEMPLOYMENT INSURANCE (UI) BOARD MEETING**

**Date:** December 6, 2006

**Time:** 10:06 A.M.

**Location:** 10 N. Senate Avenue, Room 301A  
Indianapolis, IN 46204

**PRESENT:** Bob Dickerson, President; Brent Schoolcraft, Vice-President; Barry Baer, Tom Hargrove (via phone), Samuel Schlosser, and Dave Thomas—Members. Also in attendance were: Andrew Penca, Commissioner; William McCoskey, Deputy Commissioner, Employment Growth; Scott Sanders, Chief Financial Officer; Teresa Voors, Chief Legal Counsel; John Ruckelshaus, Deputy Commissioner Government Affairs and Communications; and Laura Merriam, Staff Attorney.

- Called to order by Bob Dickerson
- Quorum was present
- Guests present: Bret Pryor, AAR Aircraft Services, Inc.; Katie McCubbin, Clifton Gunderson LLP (representing AAR); Nicole Iaria, Chief of Tax; Kristy Musall, Staff Attorney; and, Brian Berg, IDWD Law Clerk.
- Mr. Dickerson introduced Andrew Penca, noting he was attending his first meeting since his appointment to Commissioner. Mr. Dickerson then asked the Board members to introduce themselves and tell a little about themselves for the benefit of the Commissioner and the new Lead Team members. After which, the two new lead team members that were present—Scott Sanders and William McCoskey—took the opportunity to introduce themselves and also give a brief bio on what they'd done prior to coming to IDWD.

### **COMMISSIONER'S REPORT:**

- Mr. Penca noted that it was a pleasure to finally meet the Board and then gave a brief snippet of his background. Mr. Penca continued by stating that his vision was to continue on with the direction that Ron Stiver had begun with his tenure in 2005—which includes moving towards regional driven economies. In addition, Mr. Penca noted he would like to share a little more with the Board on his perspective of where IDWD was heading—first of all with so many new faces on board on the lead team he expected there to be a brief period of time where a “learning curve” and a process of absorption of new knowledge/information will be in affect, but he hopes to keep the pedal to the metal so to speak during that time. Our mission, Mr. Penca continued, is still to raise everyone up one level in the skill and education “ladder”. That is Mr. Penca stated, what agency staff will be focused on, and what most staff have been focused on for sometime. He hopes to tie a lot of what IDWD does to employment and training and skill/educational enhancement at the regional level, Mr. Penca added. As he moves forward, Mr. Penca concluded he certainly looks forward to working with this Board and getting their input, insight, and participation in helping the agency move forward with its overall goals—and thanked them for their service. Mr. Dickerson asked if there was any word on filling the remaining vacancy on the Board. Ms. Voors replied that she was working with the governor's office to try and get that filled, adding the agency hopes to have that filled after the holidays. Mr. Baer noted that while he

totally supports what the agency is currently doing, he wanted to note that while he felt promoting college education was good, he also felt that vocational skills were also a critical thing to focus on. He felt, Mr. Baer continued, that the Board could support training in this area through use of the P&I funds. Mr. Penca noted that he couldn't agree with him more, as in regards to the agency mission he would probably tend to revert to skill verbiage versus education—as the overarching term if you will. Adding, that skill training in fact is a large part of the SSI and Major Opportunities initiatives; and, for the next six years \$2 million will be spent annually on pre-apprenticeship training—along with roughly \$4 million that goes out in grants for apprenticeship and construction trade training.

#### **OLD BUSINESS:**

- The minutes of the November 1, 2006 meeting were unanimously adopted on a motion by Mr. Schoolcraft with a second by Mr. Baer; all members present signed the official Minute Book.

#### **NEW BUSINESS:**

- Deviating from the agenda, Mr. Dickerson noted that an employer was present who was making a request to have their merit rate recalculated. Mr. Dickerson first turned the floor over to Ms. Iaria, so that she could give some background on the case—which she did, and coupled that with a handout which stated the agency's opinion on the matter. As a point of information, Ms. Voors noted that IC 22-4-11-2 provides that *"...The board or the board's designee may waive the imposition of rates under this subsection if the board finds the employer's failure to meet the deadlines was for excusable cause..."* Previously the Board has provided authority for Ms. Iaria's team to waive P&I based under certain circumstances (e.g., fire, flood) although this case does not fall under that purview, Ms. Voors added. Mr. Pryor started by thanking the Board for hearing their case, he then gave a brief history of AAR Aircraft and then turned the floor over to Ms. McCubbin. But prior to Ms. McCubbin speaking Mr. Baer wanted to clarify that AAR was asking to have their rate recalculated and payback of some \$120,000.00 that had been paid to IDWD due to the penalty rate of 5.6% being imposed—as opposed to the 2.7% rate they were requesting to be reverted to—Mr. Pryor concurred. Ms. McCubbin noted that while AAR agreed with the facts as presented by Ms. Iaria she wanted to add some information to those facts. AAR, Ms. McCubbin continued, has always made a good faith effort to file their UI taxes in a timely matter, however, in this case it was discovered that an adjustment had to be filed due to unreported relocation expenses on three employees and a lapse in moving a contract employee on to payroll records to an employee of AAR. When these errors were caught the \$378.00 due was filed along with an amended report, an error that AAR felt was due to an accounting error as opposed to "a negligent act" as IDWD classified it. Because this happened during a time period when AAR was setting up on-site accounting practices the fact that they did not pay P&I of \$71.82 was not intentional, Ms. McCubbin stated. In closing Ms. McCubbin stated she believed the effect of more than doubling AAR's rate was beyond the intent of the legislature when the code was enacted, and respectively petitioned the Board to use its statutory authority in this case. Mr. Baer made a motion to accept AAR's request to have their 2006 Merit Rate recalculated and process any applicable refund resulting from the recalculation and Mr. Schlosser seconded the motion. Ms. Voors noted that she would

encourage the Board to think about the precedent this would set. While she too felt very sympathetic to the circumstance before them today, Ms. Voors continued, setting such a precedent could have far reaching consequences in the future. Following further discussion, Mr. Dickerson called for a vote based on the motion and the motion failed on a vote of two to four. While members sympathized with their situation, Mr. Dickerson added, because of the way the statute was written he did not feel the Board was in a position to make any other decision.

- Referring to her handout Ms. Merrion noted that as of October 31st the agency had 16,546 employers in a delinquent status, with a total outstanding liability of around \$66.5 million. Of that total a little over \$40 million was tax, around \$19.7 million was interest, and around \$6.7 million was penalty, Ms. Merrion stated adding that around 44.79% of those were estimated billings. Year to date collections were around \$20.5 million, Ms. Merrion continued, by noting that was up from the nearly \$14 million reported as of July 31<sup>st</sup> with a change from the same time period last year of nearly \$3.3 million.
- Mr. Dickerson noted that the next item on the agenda—introduction of the new lead team members—had been taken care of under the *Commissioner's Report*.

**PRIVILEGE OF THE FLOOR:** Referring to an e-mail Mr. Baer had sent to the other members, Mr. Dickerson turned the floor over to him to further expound. Mr. Baer noted that he thought the Board might want to discuss goals they might want to set for themselves for 2007—including producing their *Annual Report* in a timelier manner. Mr. Dickerson noted that the Indiana Code that established the Board is pretty general in the abilities the Board has—in fact as he interpreted the code in general terms it only gives the Board oversight authority over Indiana Unemployment Insurance programs. Mr. Dickerson went on to say when he looks at goals for the Board he feels they should embrace those they outline in their *Annual Report*, goals which as a rule match the goals the Department sets. Ms. Voors noted, she could have on the agenda next month a discussion of the Employment Growth goals for next year and an explanation behind them. Another issue brought up in Mr. Baer's e-mail, Ms. Voors stated, was possible usage of P&I funds for which the Board can approve use for certain programs. The agency had brought before the Board earlier in the year certain things on a "wish list" if you will, Ms. Voors continued—some of which were related to UI more specifically, along with some items that were related more to the general goals of the agency. Ms. Voors noted that some of these items would be addressed by some legislation that should be introduced during the 2007 session—pending the agency finding a sponsor for the same. One other possible use for P&I funds that the agency may try to take before the General Assembly would involve work literacy/training—a project the Commissioner has been working on and would probably be willing to give the Board a little more information on at a future meeting, Ms. Voors concluded.

Mr. Baer asked for an update on the debit card program. Ms. Voors noted that there have been a few issues that have pushed back a complete implementation. The original pilot program is still running—which involved twenty-five (25) claimants and five (5) staff members—and the agency plans to enlarge the pilot to include a larger client base—around five thousand (5,000). This should be the last round of pilot testing before going completely live, Ms. Voors stated, adding that the current start date for that would be sometime in early January.

Referring back to Mr. Baer's e-mail, Mr. Dickerson asked him to clarify what he meant by, "...Determining and then pursuing improvement in the caliber of personnel actually employed in

*the Workforce Development through training or other efforts...*” Mr. Baer replied that he would be interested in supporting some skill enhancement for not only our clients throughout the state, but also to the employees of the agency. Ms. Voors replied that the agency already has a program—paid for through funds allocated to the agency from the USDOL—in place called GOAL (Go Out and Learn) that can compensate employees for up to two thousand, five hundred (\$2,500.00) per program year for tuition reimbursement.

Mr. Dickerson noted that he had made a visit to the Eastside (Shadeland Ave.) local office, meeting with manager Marti Baker, who took him on a tour. He had also, Mr. Dickerson noted, spoken with some of their clients who had nothing to say but good things about the office. If it was the Board’s pleasure and could be arranged, Mr. Dickerson stated he would like to take Ms. Baker up on an offer she had made to host a meeting at that office in the future, perhaps even the January meeting—the Board concurred. Ms. Voors stated that due to seasonal work loads, she would like to check to see if January would be advantageous to the office or if February would work better and get back with the Board.

**ADJOURNMENT:** Meeting was adjourned at 11:15 a.m.

**REVIEW OF MEETINGS:** Next meeting is January 3, 2007, at 10:00 a.m., location to be determined (as referenced under *Privilege of the Floor*).